

<i>SERFF Tracking Number:</i>	<i>UNUM-125885338</i>	<i>State:</i>	<i>Arkansas</i>
<i>Filing Company:</i>	<i>Colonial Life &amp; Accident Insurance Company</i>	<i>State Tracking Number:</i>	<i>40787</i>
<i>Company Tracking Number:</i>			
<i>TOI:</i>	<i>H07I Individual Health - Specified Disease - Limited Benefit</i>	<i>Sub-TOI:</i>	<i>H07I.002A Dread Disease - Cancer Only</i>
<i>Product Name:</i>	<i>RCHEM -U/C 2008 Rate Increase</i>		
<i>Project Name/Number:</i>	<i>RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase</i>		

## Filing at a Glance

Company: Colonial Life & Accident Insurance Company		
Product Name: RCHEM -U/C 2008 Rate Increase	SERFF Tr Num: UNUM-125885338	State: ArkansasLH
TOI: H07I Individual Health - Specified Disease - Limited Benefit	SERFF Status: Closed	State Tr Num: 40787
Sub-TOI: H07I.002A Dread Disease - Cancer Only	Co Tr Num:	State Status: Approved-Closed
Filing Type: Rate	Co Status:	Reviewer(s): Rosalind Minor
	Authors: Cathy Brooks, Donna Mazloom, Angela Mctier, Lauren Sease, Annette Smith, Melissa Allen, Tonia Garbutt	Disposition Date: 11/10/2008
	Date Submitted: 11/05/2008	Disposition Status: Approved-Closed
Implementation Date Requested: 07/01/2009		Implementation Date:
State Filing Description:		

## General Information

Project Name: RCHEM -U/C 2008 Rate Increase	Status of Filing in Domicile: Pending
Project Number: RCHEM -U/C 2008 Rate Increase	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Individual
Submission Type: New Submission	Group Market Size:
Overall Rate Impact:	Group Market Type:
Filing Status Changed: 11/10/2008	
State Status Changed: 11/10/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	

SERFF Tracking Number: UNUM-125885338 State: Arkansas

Filing Company: Colonial Life & Accident Insurance Company State Tracking Number: 40787

Company Tracking Number:

TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.002A Dread Disease - Cancer Only  
Limited Benefit

Product Name: RCHEM -U/C 2008 Rate Increase

Project Name/Number: RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

Enclosed for your review and approval are revised rates for the above captioned rider form reflecting a rate increase of 100%. This individual cancer rider was approved by your department on 04/03/1997 with policy form CRPLUS-AR(96), et al.

Upon approval of the revised rates, each policyholder will receive notice at least 60 days prior to the policy anniversary date.

## Company and Contact

### Filing Contact Information

Tonia Garbutt, Consultant tbgarbutt@coloniallife.com  
PO Box 1365 (803) 213-7494 [Phone]  
Columbia , SC 29202 (803) 750-7341[FAX]

### Filing Company Information

Colonial Life & Accident Insurance Company	CoCode: 62049	State of Domicile: South Carolina
1200 Colonial Life Boulevard	Group Code: 565	Company Type:
Post Office Box 1365		
Columbia, SC 29202	Group Name:	State ID Number:
(803) 798-7000 ext. [Phone]	FEIN Number: 57-0144607	
	-----	

## Filing Fees

Fee Required? Yes

Fee Amount: \$50.00

Retaliatory? No

Fee Explanation:

Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Colonial Life & Accident Insurance Company	\$50.00	11/05/2008	23724657

SERFF Tracking Number: UNUM-125885338 State: Arkansas

Filing Company: Colonial Life & Accident Insurance Company State Tracking Number: 40787

Company Tracking Number:

TOI: H071 Individual Health - Specified Disease - Limited Benefit Sub-TOI: H071.002A Dread Disease - Cancer Only

Product Name: RCHEM -U/C 2008 Rate Increase

Project Name/Number: RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Approved-Closed	Rosalind Minor	11/10/2008	11/10/2008

### Objection Letters and Response Letters

Objection Letters				Response Letters		
Status	Created By	Created On	Date Submitted	Responded By	Created On	Date Submitted
Pending Industry Response	Rosalind Minor	11/06/2008	11/06/2008	Tonia Garbutt	11/10/2008	11/10/2008

SERFF Tracking Number: UNUM-125885338 State: Arkansas

Filing Company: Colonial Life & Accident Insurance Company State Tracking Number: 40787

Company Tracking Number:

TOI: H071 Individual Health - Specified Disease - Limited Benefit Sub-TOI: H071.002A Dread Disease - Cancer Only

Product Name: RCHEM -U/C 2008 Rate Increase

Project Name/Number: RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

## Disposition

Disposition Date: 11/10/2008

Implementation Date:

Status: Approved-Closed

Comment: We have approved a 50% rate increase for the RCHEM-UC rider. The approval is subject to the following conditions:

1. Rate increase will not be given prior to the first annual anniversary date of the policy.
2. Rate increases will not be given more than once during a twelve month period.
3. All rate increases, other than a change in age or a change in zip code factor, are to be submitted to our Department for approval.

Company Name:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):	Overall % Indicated Change:
Colonial Life & Accident Insurance Company	100.000%	\$4,559	16	\$4,559	%	%	100.000%

SERFF Tracking Number: UNUM-125885338 State: Arkansas

Filing Company: Colonial Life & Accident Insurance Company State Tracking Number: 40787

Company Tracking Number:

TOI: H071 Individual Health - Specified Disease - Limited Benefit Sub-TOI: H071.002A Dread Disease - Cancer Only

Product Name: RCHEM -U/C 2008 Rate Increase

Project Name/Number: RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

Item Type	Item Name	Item Status	Public Access
Supporting Document	Health - Actuarial Justification		Yes
Supporting Document	Submission Letter		Yes
Supporting Document	Disapproval Response Letter		Yes
Rate (revised)	Actuarial Memorandum		No
Rate	Actuarial Memorandum		Yes

SERFF Tracking Number: UNUM-125885338 State: Arkansas  
Filing Company: Colonial Life & Accident Insurance Company State Tracking Number: 40787  
Company Tracking Number:  
TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.002A Dread Disease - Cancer Only  
Limited Benefit  
Product Name: RCHEM -U/C 2008 Rate Increase  
Project Name/Number: RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 11/06/2008  
Submitted Date 11/06/2008

Respond By Date

Dear Tonia Garbutt,

This will acknowledge receipt of the captioned filing.

Objection 1

- Actuarial Memorandum (Rate)

Comment: Based on the last three years calendar experience, we will only consider a 50% rate increase.

If you wish to accept the 50% increase, please send an updated actuarial memo and rates.

Please feel free to contact me if you have questions.

Sincerely,

Rosalind Minor

## Response Letter

Response Letter Status Submitted to State  
Response Letter Date 11/10/2008  
Submitted Date 11/10/2008

Dear Rosalind Minor,

**Comments:**

### Response 1

Comments: Please note that the attached Actuarial Memorandum has been revised to reflect a 50% rate increase.

If you have any questions or additional information is required, please let me know.

Thank you.

SERFF Tracking Number: UNUM-125885338 State: Arkansas  
 Filing Company: Colonial Life & Accident Insurance Company State Tracking Number: 40787  
 Company Tracking Number:  
 TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.002A Dread Disease - Cancer Only  
 Limited Benefit  
 Product Name: RCHEM -U/C 2008 Rate Increase  
 Project Name/Number: RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

Tonia B. Garbutt  
 Compliance Contract Consultant

### Related Objection 1

Applies To:

- Actuarial Memorandum (Rate)

Comment:

Based on the last three years calendar experience, we will only consider a 50% rate increase.

If you wish to accept the 50% increase, please send an updated actuarial memo and rates.

### Changed Items:

#### Supporting Document Schedule Item Changes

Satisfied -Name: Disapproval Response Letter

Comment: See attached.

No Form Schedule items changed.

#### Rate/Rule Schedule Item Changes

Document Name:	Affected Form Numbers:	Rate Action:	Rate Action Information:	Attach Document:
Actuarial	RCHEM-U/C-R-AR(96)	New	Previous State Filing Number	
Memorandum				

Percent Rate Change Request

0

#### Previous Version

Actuarial	RCHEM-U/C-R-AR(96)	New	Previous State Filing Number
Memorandum			

Percent Rate Change Request

0

Sincerely,

Angela Mctier, Annette Smith, Cathy Brooks, Donna Mazloom, Lauren Sease, Melissa Allen, Tonia Garbutt

SERFF Tracking Number:	UNUM-125885338	State:	Arkansas
Filing Company:	Colonial Life & Accident Insurance Company	State Tracking Number:	40787
Company Tracking Number:			
TOI:	H071 Individual Health - Specified Disease - Limited Benefit	Sub-TOI:	H071.002A Dread Disease - Cancer Only
Product Name:	RCHEM -U/C 2008 Rate Increase		
Project Name/Number:	RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase		

## Rate Information

Rate data applies to filing.

### Filing Method:

### Rate Change Type:

Increase

### Overall Percentage of Last Rate Revision:

100.000%

### Effective Date of Last Rate Revision:

04/12/2001

### Filing Method of Last Filing:

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Premium:	Maximum % Change (where required):	Minimum % Change (where required):
Colonial Life & Accident Insurance Company	100.000%	100.000%	\$4,559	16	\$4,559	%	%



SERFF Tracking Number: UNUM-125885338 State: Arkansas  
Filing Company: Colonial Life & Accident Insurance Company State Tracking Number: 40787  
Company Tracking Number:  
TOI: H071 Individual Health - Specified Disease - Sub-TOI: H071.002A Dread Disease - Cancer Only  
Limited Benefit  
Product Name: RCHEM -U/C 2008 Rate Increase  
Project Name/Number: RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

## Supporting Document Schedules

### Review Status:

**Satisfied -Name:** Submission Letter 11/05/2008  
**Comments:**  
See attached.  
**Attachment:**  
Submission Letter.pdf

### Review Status:

**Satisfied -Name:** Disapproval Response Letter 11/10/2008  
**Comments:**  
See attached.  
**Attachment:**  
Cover Letter CRP-AR 11-10-2008[1].pdf



**Colonial Life & Accident  
Insurance Company**

1200 Colonial Life Boulevard  
Columbia, SC 29210  
803.798.7000  
coloniallife.com

November 5, 2008

Julie Benafield Bowman  
Commissioner of Insurance  
Arkansas Insurance Department  
Life & Health division  
1200 W 3<sup>rd</sup> St  
Little Rock, AR 72201-1904

RE:    NAIC#/Group:        62049 / 0565  
       Insurer:            Colonial Life & Accident Insurance Company  
       Filing Type:        Rate Increase  
       Form(s):            RCHEM-U/C-R-AR(96)

Dear Commissioner Bowman:

Enclosed for your review and approval are revised rates for the above captioned rider form reflecting a rate increase of 100%. This individual cancer rider was approved by your department on 04/03/1997 with policy form CRPLUS-AR(96), et al.

Upon approval of the revised rates, each policyholder will receive notice at least 60 days prior to the policy anniversary date.

If acceptable, we shall appreciate your notifying us via SERFF. If you have any questions, please contact me at (800) 845-7330, extension 7494. My email address is [tbgarbutt@coloniallife.com](mailto:tbgarbutt@coloniallife.com). The fax number is (803) 750-7341.

Sincerely,

A handwritten signature in black ink, appearing to read "Tonia B. Garbutt".

Tonia B. Garbutt  
Compliance Contract Consultant



November 10, 2008

Ms. Rosalind Minor  
Arkansas Department of Insurance

RE: Colonial Life & Accident Insurance Company  
State Tracking Number: 40787  
SERFF Tracking Number: UNUM-125885338  
Form RCHEM-U/C-R(96)

Dear Ms. Minor:

This letter is in reference to your letter dated November 6, 2008 to Tonia Garbutt in regard to the aforementioned policy form.

Attached please find a revised actuarial memorandum and revised rates reflecting your request that the 100% rate increase be reduced to 50%.

Please feel free to contact me if you have any questions or require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Daniel E. Paffumi'.

Daniel E. Paffumi  
Actuarial Assistant  
(800) 845-7330, ext. 5489  
[dpaffumi@unum.com](mailto:dpaffumi@unum.com)

*SERFF Tracking Number:* UNUM-125885338      *State:* Arkansas  
*Filing Company:* Colonial Life & Accident Insurance Company      *State Tracking Number:* 40787  
*Company Tracking Number:*  
*TOI:* H071 Individual Health - Specified Disease - Limited Benefit      *Sub-TOI:* H071.002A Dread Disease - Cancer Only  
*Product Name:* RCHEM -U/C 2008 Rate Increase  
*Project Name/Number:* RCHEM -U/C 2008 Rate Increase/RCHEM -U/C 2008 Rate Increase

## Superseded Attachments

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

<b>Original Date:</b>	<b>Schedule</b>	<b>Document Name</b>	<b>Replaced Date</b>	<b>Attach Document</b>
No original date	Rate and Rule	Actuarial Memorandum	11/05/2008	Actuarial Memorandum CRP-AR pdf[1].pdf

**COLONIAL LIFE & ACCIDENT**  
**INSURANCE COMPANY**

**ACTUARIAL MEMORANDUM**

**FOR**

**RIDER FORM RCHEM-U/C-R -AR(96)**

**Statement of Purpose**

The purpose of this filing is to request an average rate increase of 100% on policy form RCHEM-U/C-R-AR(96), and to demonstrate that the anticipated loss ratio of these forms meets the minimum requirement of Arkansas. This filing is not to be used for any other purposes.

**Description of Benefits**

This rider provides radiation and chemotherapy benefits in addition to the policy to which it is attached. Benefits are provided for cancer first diagnosed while the rider is in force and after a thirty-day waiting period.

- 1) Radiation and Chemotherapy: Actual charges, but not more than the usual and customary charge, incurred in excess of the maximum daily amount paid under the policy to which this rider is attached for teleradiotherapy, interstitial or intracavitary application of radium or radioisotopes, or cancericidal chemical substances and their administration. Administration of chemotherapy not requiring direct administration by medical personnel in a doctors office, clinic or hospital will be limited to the cost of the drugs only. Does not include laboratory tests, diagnostic X-rays or pre-planning procedures or other procedures related to these treatments not mentioned above. If no amount is charged we will pay \$100 per day in addition to any payments provided by the policy to which this rider is attached. No lifetime limit.
- 2) Anti-Nausea Medication: Actual charges incurred up to \$100 per day for anti-nausea medication prescribed as a result of procedures in # 1 above. If no amount is charged we will pay \$100 per day in addition to any payments provided by the policy to which this rider is attached. No lifetime limit.

Please note that for radiation and chemotherapy, the forms provide actual charges for much of the treatment. The inflationary aspect of this benefit is the primary reason the rate increase is needed.

**Dependent's Coverage for Family Policies**

Dependent, unmarried children under age 25. Spouse if a two-parent family policy.

## **Renewability**

Guaranteed renewable for life.

## **Issue Availability**

This form is a closed block of business. There may be some exceptions due to contractual obligations requiring us to offer this product for a limited period.

## **Rate Increase History**

In 4/2001, we requested and were approved a rate increase of 100%.

## **Gross Premium**

The proposed annual and monthly gross premiums are shown in the enclosed rate sheet. Current approved premiums are also included. The monthly premiums include modal loadings, as the majority of our business is monthly. Monthly premiums are one-eleventh of annual premiums.

The average nationwide annualized premium per rider is:

	Before Rate Increase	After Rate Increase
	\$516.34	\$1,032.67

This rider is sold with the policy forms CRPLUS (96) and CRPLUSPP (96). The average nationwide annualized premium on the base policy is shown below as well as the total policy premium before and after the proposed rate increase on the rider. The rate increase would increase the total policy premium by 57.9%.

	Before Rate Increase	After Rate Increase
Base	\$375.26	
Base + Rider	\$891.60	\$1,407.93

## **Experience**

An analysis of actual to expected experience and of the lifetime anticipated loss ratio indicates the need for a rate increase for this policy. The rate increase was determined so that both the lifetime loss ratio and the future anticipated loss ratio will be in excess of the minimum required loss ratio.

Attachment 1 shows nationwide historical experience and a projection of future experience with and without the requested rate increase. The incurred claims were calculated as of 12/31/2007. The earned premiums include modal loadings.

Attachment 2 includes a summary of nationwide policies as of 12/31/2007. There are approximately 16 riders in Arkansas.

Attachment 3 shows nationwide actual to expected durational loss ratios.

Attachment 4 shows the claims experience for Arkansas.

The requested rate increase is due to the inflationary aspect of the unlimited radiation and chemotherapy benefit. The average incurred amount per claim, by year of incurral, is shown below. Based on this information, this benefit has increased approximately 13.6% per year since 1995.

<u>Loss Year</u>	<u>Rad/Chemo Average Incurred</u>
1997	21,670
1998	31,667
1999	21,044
2000	21,175
2001	27,300
2002	32,500
2003	30,328
2004	31,274
2005	28,089
2006	37,748
2007	77,685

### **Certification**

To the best of my knowledge and judgment, this rate filing is in compliance with the applicable laws and regulations of this state, and the premiums are reasonable in relation to the benefits provided.



---

Anita M. Recchio, ASA, MAAA  
Associate Actuary

October 20, 2008

**COLONIAL LIFE & ACCIDENT INSURANCE COMPANY  
COLUMBIA, SOUTH CAROLINA**

**ARKANSAS  
RIDER FORM RCHEM-U/C-R-AR (96)**

**ANNUAL PREMIUMS  
WITH  
100%  
RATE INCREASE**

<b>RIDER</b>	<b>INDIVIDUAL</b>			<b>ONE-PARENT FAMILY</b>			<b>TWO-PARENT FAMILY</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
	<b>506.00</b>	<b>446.60</b>	<b>334.40</b>	<b>550.00</b>	<b>488.40</b>	<b>365.20</b>	<b>836.00</b>	<b>739.20</b>	<b>552.20</b>

**MONTHLY PREMIUMS  
WITH  
100%  
RATE INCREASE**

<b>RIDER</b>	<b>INDIVIDUAL</b>			<b>ONE-PARENT FAMILY</b>			<b>TWO-PARENT FAMILY</b>		
	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>
	<b>46.00</b>	<b>40.60</b>	<b>30.40</b>	<b>50.00</b>	<b>44.40</b>	<b>33.20</b>	<b>76.00</b>	<b>67.20</b>	<b>50.20</b>



**COLONIAL LIFE & ACCIDENT INSURANCE COMPANY  
COLUMBIA, SOUTH CAROLINA**

**ARKANSAS  
RIDER FORM RCHEM-U/C-R-AR (96)**

**ANNUAL PREMIUMS  
PRIOR  
TO  
RATE INCREASE**

	INDIVIDUAL			ONE-PARENT FAMILY			TWO-PARENT FAMILY		
	Level 2	Level 3	Level 4	Level 2	Level 3	Level 4	Level 2	Level 3	Level 4
RIDER	253.00	223.30	167.20	275.00	244.20	182.60	418.00	369.60	276.10

**MONTHLY PREMIUMS  
PRIOR  
TO  
RATE INCREASE**

	INDIVIDUAL			ONE-PARENT FAMILY			TWO-PARENT FAMILY		
	Level 2	Level 3	Level 4	Level 2	Level 3	Level 4	Level 2	Level 3	Level 4
RIDER	23.00	20.30	15.20	25.00	22.20	16.60	38.00	33.60	25.10

## **Cancer Response Plus Rider Rate Increase Analysis**

### **Policy Form RCHEM-U/C-R (96)**

	With	0.00%	Rate Increase
Discount rate 5%			
<u>Year</u>	<u>Premium Earned</u>	<u>Incurred</u>	<u>Incurred Loss Ratio</u>
1996	99	0	0.0%
1997	80,523	13,798	17.1%
1998	508,194	1,135,645	223.5%
1999	832,748	894,018	107.4%
2000	927,113	661,214	71.3%
2001	707,728	1,300,432	183.7%
2002	777,087	1,145,132	147.4%
2003	813,671	750,694	92.3%
2004	891,943	611,212	68.5%
2005	819,179	110,338	13.5%
2006	935,099	570,063	61.0%
2007	902,003	982,286	108.9%
2008	817,693	942,999	115.3%
2009	746,236	909,966	121.9%
2010	679,216	873,640	128.6%
2011	623,743	843,987	135.3%
2012	580,026	824,017	142.1%
2013	539,373	803,035	148.9%
2014	501,569	780,909	155.7%
2015	466,415	757,909	162.5%
2016	433,725	734,438	169.3%
2017	403,326	710,865	176.3%
2018	375,057	687,375	183.3%
2019	348,770	664,078	190.4%
2020	324,326	640,747	197.6%
2021	301,594	616,557	204.4%
2022	280,456	591,162	210.8%
2023	260,799	565,185	216.7%
2024	242,520	538,807	222.2%
2025	225,522	512,519	227.3%
2026	209,716	487,503	232.5%
2027	195,017	464,775	238.3%
2028	181,349	443,684	244.7%
2029	168,638	421,484	249.9%
2030	156,819	397,675	253.6%
<b>Accumulated Value of Past</b>	10,203,363	10,562,241	103.5%
<b>Present Value of Future</b>	6,133,797	9,610,267	156.7%
<b>Lifetime Value</b>	16,337,160	20,172,508	123.5%

**Assumptions:** No claim trend.

## **Cancer Response Plus Rider Rate Increase Analysis**

### **Policy Form RCHEM-U/C-R (96)**

	With	100.00%	Rate Increase
Discount rate 5%			
<u>Year</u>	<u>Premium Earned</u>	<u>Incurred</u>	<u>Incurred Loss Ratio</u>
1996	99	0	0.0%
1997	80,523	13,798	17.1%
1998	508,194	1,135,645	223.5%
1999	832,748	894,018	107.4%
2000	927,113	661,214	71.3%
2001	707,728	1,300,432	183.7%
2002	777,087	1,145,132	147.4%
2003	813,671	750,694	92.3%
2004	891,943	611,212	68.5%
2005	819,179	110,338	13.5%
2006	935,099	570,063	61.0%
2007	902,003	982,286	108.9%
2008	817,693	942,999	115.3%
2009	1,119,355	909,966	81.3%
2010	1,358,432	873,640	64.3%
2011	1,247,486	843,987	67.7%
2012	1,160,052	824,017	71.0%
2013	1,078,746	803,035	74.4%
2014	1,003,138	780,909	77.8%
2015	932,830	757,909	81.2%
2016	867,450	734,438	84.7%
2017	806,652	710,865	88.1%
2018	750,115	687,375	91.6%
2019	697,540	664,078	95.2%
2020	648,651	640,747	98.8%
2021	603,188	616,557	102.2%
2022	560,912	591,162	105.4%
2023	521,598	565,185	108.4%
2024	485,041	538,807	111.1%
2025	451,045	512,519	113.6%
2026	419,432	487,503	116.2%
2027	390,035	464,775	119.2%
2028	362,698	443,684	122.3%
2029	337,277	421,484	125.0%
2030	313,638	397,675	126.8%
<b>Accumulated Value of Past</b>	10,203,363	10,562,241	103.5%
<b>Present Value of Future</b>	11,150,410	9,610,267	86.2%
<b>Lifetime Value</b>	21,353,772	20,172,508	94.5%

**Assumptions:** No anti-selection assumed. No shock lapse assumed. No claim trend.

**POLICY FORM RCHEM-U/C-R (96)****Number of Policies Inforce Nationwide As of 12/31/2007**

	Level 2	Level 3	Level 4	Total
<b>Individual</b>	261	262	286	809
<b>One-parent</b>	51	38	42	131
<b>Two-parent</b>	256	271	222	749
<b>Total</b>	568	571	550	1,689

**Average Nationwide Monthly Premium Before Rate Increase**

	Level 2	Level 3	Level 4	Total
<b>Individual</b>	39.14	34.97	26.44	33.30
<b>One-parent</b>	36.80	35.73	29.46	34.14
<b>Two-parent</b>	61.64	57.62	44.44	55.09
<b>Total</b>	49.07	45.77	33.93	43.03

**Amount of Average Monthly Rate Increase by Level and Coverage Type**

	Level 2	Level 3	Level 4	Total
<b>Individual</b>	39.14	34.97	26.44	33.30
<b>One-parent</b>	36.80	35.73	29.46	34.14
<b>Two-parent</b>	61.64	57.62	44.44	55.09
<b>Total</b>	49.07	45.77	33.93	43.03
<b>Percent Increase</b>	100%	100%	100%	100%

## Incurred Claims by Policy Year Duration

Year	Policy Duration 1	2	3	4	5	6	7	8	9	10	11	12	Total
1996	-	-	-	-	-	-	-	-	-	-	-	-	-
1997	13,995	-	-	-	-	-	-	-	-	-	-	-	13,995
1998	1,151,887	13,204	-	-	-	-	-	-	-	-	-	-	1,165,091
1999	823,398	70,621	-	-	-	-	-	-	-	-	-	-	894,018
2000	369,308	182,696	109,210	-	-	-	-	-	-	-	-	-	661,214
2001	-	948,394	277,613	74,425	-	-	-	-	-	-	-	-	1,300,432
2002	-	-	793,440	134,456	206,532	10,704	-	-	-	-	-	-	1,145,132
2003	-	-	-	454,005	140,029	156,661	-	-	-	-	-	-	750,694
2004	-	-	-	-	68,622	299,453	211,013	32,125	-	-	-	-	611,212
2005	-	-	-	-	-	34,604	46,249	29,484	-	-	-	-	110,338
2006	-	-	-	-	-	-	367,458	160,665	41,940	-	-	-	570,063
2007	-	-	-	-	-	-	-	103,001	787,213	92,072	-	-	982,286
<b>Total</b>	2,358,588	1,214,915	1,180,263	662,886	415,182	501,422	624,720	325,274	829,153	92,072	-	-	8,204,475

## Earned Premium by Policy Year Duration

Year	Policy Duration 1	2	3	4	5	6	7	8	9	10	11	12	Total
1996	99	-	-	-	-	-	-	-	-	-	-	-	99
1997	43,160	99	-	-	-	-	-	-	-	-	-	-	43,259
1998	285,839	43,113	99	-	-	-	-	-	-	-	-	-	329,051
1999	506,243	283,617	42,844	44	-	-	-	-	-	-	-	-	832,748
2000	233,684	417,318	239,700	36,368	44	-	-	-	-	-	-	-	927,113
2001	8,318	171,294	314,912	183,073	30,120	11	-	-	-	-	-	-	707,728
2002	725	9,872	191,118	340,664	201,266	33,429	14	-	-	-	-	-	777,087
2003	314	761	11,117	184,410	365,210	215,622	36,223	13	-	-	-	-	813,671
2004	82	110	809	11,478	197,409	409,037	232,833	40,168	17	-	-	-	891,943
2005	-	72	73	555	11,663	172,574	378,475	217,467	38,282	18	-	-	819,179
2006	-	-	-	-	792	12,983	187,346	431,502	253,480	48,973	23	-	935,099
2007	-	-	-	-	-	875	11,325	180,923	417,997	244,580	46,280	23	902,003
<b>Total</b>	1,078,464	926,255	800,670	756,593	806,505	844,530	846,216	870,074	709,777	293,571	46,303	23	7,978,980

## Incurred Loss Ratios by Policy Year Duration

Year	Policy Duration 1	2	3	4	5	6	7	8	9	10	11	12	Total
1996	0.00%	-	-	-	-	-	-	-	-	-	-	-	0.00%
1997	32.43%	0.00%	-	-	-	-	-	-	-	-	-	-	32.35%
1998	402.98%	30.63%	0.00%	-	-	-	-	-	-	-	-	-	354.08%
1999	162.65%	24.90%	0.00%	0.00%	-	-	-	-	-	-	-	-	107.36%
2000	158.04%	43.78%	45.56%	0.00%	0.00%	-	-	-	-	-	-	-	71.32%
2001	0.00%	553.66%	88.16%	40.65%	0.00%	0.00%	-	-	-	-	-	-	183.75%
2002	0.00%	0.00%	415.16%	39.47%	102.62%	32.02%	0.00%	-	-	-	-	-	147.36%
2003	0.00%	0.00%	0.00%	246.19%	38.34%	72.66%	0.00%	0.00%	-	-	-	-	92.26%
2004	0.00%	0.00%	0.00%	0.00%	34.76%	73.21%	90.63%	79.98%	0.00%	-	-	-	68.53%
2005	-	0.00%	0.00%	0.00%	0.00%	20.05%	12.22%	13.56%	0.00%	0.00%	-	-	13.47%
2006	-	-	-	-	0.00%	0.00%	196.14%	37.23%	16.55%	0.00%	0.00%	-	60.96%
2007	-	-	-	-	-	0.00%	0.00%	56.93%	188.33%	37.65%	0.00%	0.00%	108.90%
<b>Total</b>	218.70%	131.16%	147.41%	87.61%	51.48%	59.37%	73.83%	37.38%	116.82%	31.36%	0.00%	0.00%	102.83%

## Actual to Expected Durational Loss Ratio Comparison

	Policy Duration 1	2	3	4	5	6	7	8	9	10	11	12	Avg
Actual Durational Loss Ratio	219%	131%	147%	88%	51%	59%	74%	37%	117%	31%	0%	0%	103%
Expected Durational Loss Ratio	41%	43%	47%	51%	54%	58%	63%	66%	70%	75%	80%	85%	55%
Actual to Expected Ratio	533%	305%	314%	172%	95%	102%	117%	57%	167%	42%	0%	0%	187%

**ARKANSAS**  
**EXPERIENCE FOR POLICY FORMS**  
**RCHEM-U/C-R-AR**

Loss <u>Yr</u>	Earned <u>Premium</u>	Cash <u>Premium</u>	Paid <u>Claims</u>	Liability for <u>Claims Not Paid</u>	Incurred <u>Claims</u>	<u>Loss Ratio</u>
1997	170	258	0	0	0	0.0%
1998	7,078	6,499	0	0	0	0.0%
1999	10,607	10,563	58,784	2,322	61,106	576.1%
2000	8,949	9,156	0	0	0	0.0%
2001	6,579	6,707	0	0	0	0.0%
2002	6,347	6,328	0	0	0	0.0%
2003	8,775	8,636	110,290	25,092	135,383	1542.9%
2004	7,313	7,696	61,090	20,006	81,096	1109.0%
2005	6,574	6,437	0	0	0	0.0%
2006	5,281	5,271	0	0	0	0.0%
2007	4,818	4,834	0	0	0	0.0%